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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: July 30, 2007

Molterer Reprimands Buchinger

¶1. In an interview with independent daily "Salzburger Nachrichten," Vice Chancellor Wilhelm Molterer criticizes his coalition colleague Erwin Buchinger's latest political proposals. Buchinger's demand for a four-percent pay rise for employees was an intervention into the affairs of the social partners, said Molterer, and likewise dismissed his SPOe colleague's idea that companies that are not willing to hire older employees should contribute a larger share to social security benefits. According to Molterer, nothing could be gained by imposing "punitive taxes." According to "Salzburger Nachrichten," Wilhelm Molterer advocates lowering the non-wage labor costs for older employees. Molterer criticizes Buchinger's over-eagerness with regard to coming forward with new proposals: "Politics is not about making new suggestions every day." Also, Molterer announced in the interview that the coming tax reform will benefit the middle class and will generally bring a simplification of the tax system. However, the next tax reform will not come before 2010 - Molterer argues that it would be "economically wrong" to do it now that the economy is growing as it has not done in a long time. "We have to be able to afford a tax reform first," Molterer said with reference to the still existing state debt.

Fewer Applications for Austrian Citizenship

¶2. In all provinces of Austria, immigration applications have decreased - in parts of the country by more than 50 percent. The respective numbers were made public by the Ministry of the Interior following a parliamentary enquiry by the Greens. In Vienna alone, there were more than 21,000 applicants for Austrian citizenship in 2005, but only 824 in the first third of this year. The Greens believe that the decrease is due to the tightening of the immigration laws under the last government. [Der Standard, p. 1 and 7]

Schwarzenegger Turns 60

¶3. Austrian-born Governor of California, Arnold Schwarzenegger, is celebrating his 60th birthday on Monday. The former body-builder, whose political ambitions were frequently belittled when he first sought office, has in the meantime turned into a model politician, who has earned widespread respect for his environmental and social initiatives. In the meantime, Schwarzenegger's performance as governor makes headlines in the US: "Time" put him and New York's Mayor Michael Bloomberg on the title page - as model examples for a hands-on

policy that is in sharp contrast to the ever-expanding, slow-moving bureaucracy of the US capital. Schwarzenegger has learned a lot during his time in office, analyses centrist daily "Die Presse," which, together with all other Austrian media covers the Schwarzenegger birthday. After getting off to a bad start and losing a lot of popularity and support, Schwarzenegger achieved a decisive turnaround: With the help of new advisors and strategists, he sought to build consensus with the Democratic majority in the California State Senate and slowly drifted toward the political center. He implemented new regulations for reducing gasoline demand, came forward with a new law to reduce emissions and supported stem cell research. His latest move to introduce a general health insurance is currently being debated in the Sacramento legislature. The next step up for Schwarzenegger could be a seat in the US Senate, speculates "Die Presse."

Rice and Gates in the Middle East

14. US Secretary of State Condoleezza Rice and Secretary of Defense Robert Gates have embarked on a trip to the Middle East in order to discuss the situation in Iraq with representatives from the region. Their goal is to win regional support for the stabilization of Iraq. This is an issue where the Americans feel the Arab countries are not doing enough - and behind the scenes, Arab diplomats do not even deny this. In turn, the Arabs charge the US with supporting a Sunni-hostile regime in Baghdad. After talks in Egypt and Saudi Arabia, Rice and Gates will part ways: Rice will go on to Jerusalem and Ramallah, while Gates will visit Kuwait and the Emirates. [ORF online, Oel radio morning news]

US Plans to Provide Middle East with Arms Confirmed

15. The Americans are intending to deliver arms on a large scale to Israel, Saudi Arabia, and other Gulf states to strengthen them against a hostile and aggressive Iran. Israel's Prime Minister Ehud Olmert announced on Sunday that US President Bush had promised him massive arms deliveries over the next ten years - thus confirming statements by a US Defense Department official who had revealed the plan earlier. More than 60 billion dollars will be spent on this project. Olmert understands the US intentions to support the moderate Arab states, writes independent daily "Der Standard." After all, these states, together with Israel and the US form a bulwark against Iran. US administration officials also confirmed that it was the goal of the military assistance to reduce the growing influence of Iran in the Middle East. In the meantime, Tehran's Foreign Minister has declared that his country was not afraid of a military coup on the part of the US. The daily quotes from an interview of Foreign Minister Mottaki with the German magazine "Focus," where he said that he thought the US administration was not in a situation to begin another military conflict, and referred to the fact that not even the 170,000 US troops stationed in Iraq could guarantee security - neither their own nor that of the Iraqis.

Defeat for Abe

16. Japan's Prime Minister Shinzu Abe suffered a severe defeat in partial parliamentary elections on Sunday. His ruling Liberal Democratic Party (LDP) lost its majority in the upper chamber of Parliament. Winner of the elections is the opposition Democratic Party (DPJ). First post-election analyses showed that primarily young voters and disappointed senior citizens voted against the LDP. At present, it is estimated that the DPJ may not just have gained the majority of seats in the upper chamber, but may even end up with double as many seats as the ruling party of Prime Minister Abe. [Die Presse, p. 5]

Iraqis Want to Get Rid of Petraeus

17. David Petraeus, supreme military commander in Iraq, is increasingly falling into disfavor. Mass circulation daily "Vsterreich" reports on a possible further setback for US President George W. Bush in Iraq: The tensions between the Iraqi Prime Minister Nuri al-Maliki and the US occupying forces have escalated to the point where the Iraqis, behind the scenes, are already demanding the dismissal of General David Petraeus. However, the General has been the trump card in Bush's

strategy. The reason for Maliki's anger is the US decision to supply Sunni groups in Iraq with weapons. Petraeus, on the other hand, needs the Maliki regime's full support to be able to present positive results about his mission to Congress in September.

Kilner